OPEN Doors

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Rent increases above guideline require approval

Landlords who want to increase rents above the provincial government's annual rate must apply to the Residential Tenancies Branch for approval.

"The provincial guideline for 2006 has been set at 2.5 per cent," says Ernie Gagnon, manager of the branch's rent regulation program. "If landlords want to set an increase above that amount, they can get an application form and more information from the branch."

Applications for rent increases above the guideline must be presented to the Residential Tenancies Branch at least two and one-half months before the date of the first increase.

"For example," Gagnon explains, "if a landlord gives a tenant notice on June 15 about an increase to take effect on October 1, the branch must receive the application on or before July 14."

Landlords applying for increases above the guideline must apply for all the non-exempt units in the residential complex. They can choose to apply increases equally as a percentage, such as five per cent to each unit, or in equal dollar amounts such as $12 per unit. Landlords must apply the increases equally in each period. "So, if a landlord gets approval to raise the rent by $120 per year on each unit," Gagnon says, "that would be collected at $10 each month."

Landlords must give tenants at least three months written notice before raising the rent and the notice must state:

- what the current rent is
- how much the rent is going to be, both in dollars and as a percentage (for example, an increase of $15 or three per cent)
- how much the landlord is allowed to increase the rent
- the date the increase starts
- that the increase is not legal unless the tenant gets three months notice
- that the tenant has the right to disagree with the amount of the rent increase

When landlords apply for rent increases, tenants are invited to go to the branch to inspect the landlord's application and supporting documents. Tenants can comment to the branch — in writing — about the application and landlords are allowed to respond — in writing — to any comments. Although tenants and landlords may discuss files with branch staff, the branch only considers written comments when making a decision on a rent increase.

The branch's decision to approve a rent increase is based on the financial information and written submissions from the landlord and the tenants, as well as *The Residential Tenancies Act*. The branch's reasons for approving an increase are included in the final order setting the rent increase.

Landlords must pay a non-refundable application fee when applying for a rent increase above the guideline. For a complex with up to three units, the fee is $150; for a complex with four or more units, it's $500.

For application forms or more information on rent increases call 945-2476 in Winnipeg or toll-free 1-800-782-8403 or visit www.residentialtenancies.mb.ca

2008-00383/

The Residential Tenancies Act limits additional payments

"Manitoba landlords and tenants should know the kinds of additional payments landlords may charge under *The Residential Tenancies Act,*" says Edward Yu, Client Services manager at the branch.

"Before someone moves into an apartment a landlord can collect up to one half of the first month's rent which is payable as a security deposit," says Yu. "That money must be returned to the tenant when he or she moves out, as long as the tenant has fully complied with the rental agreement."

Beyond a security deposit, the *Act* limits the kinds of charges landlords can ask from tenants.

Landlords can ask tenants to pay an extra charge for:

- special visitor parking arrangements
- a replacement key or garage door opener lost by the tenant
- extra copies of keys that can't be duplicated for security reasons
- rent receipts if the tenant or the tenant's source of income pays the rent by cheque or money order
- duplicate rent receipts if the tenant loses the original
- voluntary buy-outs of a tenancy agreement before it expires

The *Act* doesn't set guidelines on how much landlords can charge for these services.

There is a limit of $40 to what landlords can charge to do the paperwork needed for an assignment or sublet. Landlords can only charge the fee if the landlord consents to the assignment or sublet on the tenancy agreement form.

The *Act* states landlords cannot charge tenants extra in other situations such as:

- before a rental application will be processed
- before keys will be given to the tenant
- before gas, water or hydro service will be hooked up
- before garage door openers will be given to the tenant
- for providing an original rent receipt when a tenant pays the rent in cash (automatic debit is considered a cash payment)
- for having a pet
- for having visitors stay for extended time periods

For more information about charges that are allowed under The Residential Tenancies Act, *call 945-2476 in Winnipeg or 1-800-782-8403 toll free; or visit www.residentialtenancies.mb.ca*

WHAT ARE UNAUTHORIZED RENT INCREASES?

To ensure they are not collecting unauthorized rent increases, landlords must be aware of several situations.

Unauthorized rent increases include situations when the landlord doesn't give the tenant three months written notice or the increase is more than the annual rent increase guideline and the landlord has not applied to the branch and received an order allowing it.

Unauthorized rent increases also occur when the landlord withdraws, reduces or charges for a service originally included in a tenant's rent, without applying to the branch: for example, landlords asking tenants to pay for passes to use a recreation room or gym that was originally included in the rent.

It is also considered an unauthorized rent increase if landlords:

- raise the rent on a unit before the anniversary date (ex: the anniversary date on a rental unit is May 1 but the landlord increases the rent on April 1)
- increase the rent more than once in 12 months
- do not give tenants all the information required on a Notice of Rent Increase or a Notice to New Tenant form

The Residential Tenancies Branch staff review all copies of Notice of Rent Increase and Notice to New Tenant forms from all landlords. Landlords must submit these forms to the branch for all rent increases to ensure tenants are not being charged unauthorized rent increases. When the Residential Tenancies Branch staff reviews rents, they may consider any possible unauthorized rents the landlord charged in past years and use facts from the branch's rent registry or information gathered from current and previous tenants or from the landlord.

The branch considers:

- the maximum allowable rent during the relevant period
- the rent the landlord actually collected during that time
- the amount of money, if any, the landlord must refund to the current or previous tenants
- how the landlord must repay the tenants

If branch staff find the landlord improperly increased rent on one unit, they may review and set the rents on other units in the complex as well.

NEW RESIDENTIAL TENANCIES LEGISLATION CHANGES THE RULES FOR RENEWALS AND OTHER PROVISIONS

* Landlords must offer tenants a renewal agreement at least three months before their existing fixed-term agreement ends, unless the landlord gives the tenant notice to end the tenancy.

If the landlord doesn't offer the tenant a renewal agreement and the tenant continues to live in the unit, the existing agreement is considered renewed for the same term or a maximum of 12 months, whichever is less. A tenant can give notice of one rental payment period to end an agreement if it was automatically renewed because the landlord failed to provide a renewal.

* Landlords must give three months written notice before stopping or reducing a rent discount. This does not apply to conditional discounts such as discounts offered for paying rent on time if the tenant doesn't meet the conditions of the discount.

* The "rent increase with intent to evict" provisions now include rental units that are exempt from rent regulation. This means that if a landlord of an exempt unit increases rent thereby forcing a tenant to move, the landlord may have breached the *Residential Tenancies Act*. It's considered a breach of the *Act* unless the landlord re-rents the unit within two months for more than 90 per cent of the increased rent demanded from the previous tenant.

* Tenants have the right to end a fixed term tenancy agreement with two rental payment periods notice when a landlord applies to the branch for a rent increase above the guideline. This right is extended to tenants affected by an application for approval of a rehabilitation scheme. The tenant can give notice anytime from the date he or she gets notice the landlord is applying to the Residential Tenancies Branch, until 14 days after the decision is received from the branch or the Residential Tenancies Commission.

* If after giving the tenant notice to move for non-payment, a landlord accepts rent from a tenant, the landlord must tell the tenant — in writing — if the tenant is still expected to move out.

* The branch now has the authority to order a tenant to pay compensation to a landlord for the reasonable costs a landlord incurs when obtaining a writ of possession.

Other changes that are expected to be proclaimed later this year include:

- allowing a tenant to apply to the branch for compensation if a landlord fails to do repairs within a reasonable period of time
- allowing a landlord to ask a tenant to pay an administration fee if a tenant walks away from a fixed term tenancy agreement without assigning or subletting it
- allowing a landlord to apply for an approval of a rehabilitation scheme on a single unit in a residential complex; the exemption from the annual rent increase guidelines will be for up to two years
- allowing a landlord to apply for an exemption from rent regulation of up to 15 years on distressed properties.

Changes to *The Life Leases Act*

Life leases are a type of written tenancy agreement that may appeal to those who are 55 plus. The tenant purchases a life lease interest and pays a monthly fee as well as an entrance fee. *The Life Leases Amendment Act* was passed recently and the following changes are now in effect:

- Tenants of a non-profit complex can choose one or two tenant representatives to attend the board meetings of a non-profit landlord. These representatives are entitled to receive board meeting minutes. The Act does not require the representatives be voting board members, but they can be if the landlord agrees.
- Landlords of non-profit complexes are required to provide audited financial statements if a majority of the tenants in the complex make a written request for them.
- A landlord can't deduct money from an entrance fee refund for damages, rent arrears or other compensation. (An entrance fee is paid by tenants when they move into a life lease complex.) The Residential Tenancies Branch can, however, award money from the fee to the landlord before the date the landlord is required to return the entrance fee to the tenant.
- Tenants of non-profit complexes may be required to pay a second rent increase in a year to cover budget shortfalls.

Other changes to *The Life Leases Act* will come into effect once additional amendments are proclaimed later this year.

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Pest control in rental units

"Pest control is most successful when landlords and tenants co-operate to keep buildings pest-free," says Edward Yu, Client Services Manager at the branch.

Landlords are generally responsible for pest control in their buildings. This includes insects like cockroaches or bed bugs and rodents like mice or rats.

Landlords' responsibilities include:

- investigating complaints about pests in a rental unit or complex
- getting rid of pests using commonly accepted methods like spraying for insects or setting traps for rodents.
- making repairs, such as fixing holes in a foundation, to prevent pests from getting into the unit or complex

Tenants also have responsibilities for pest control including:

- keeping the rental unit reasonably clean and uncluttered to discourage pests from entering the unit and multiplying
- telling the landlord about pest problems so they can be dealt with before they spread to other units
- allowing the landlord, or someone hired by the landlord, to enter the unit to get rid of pests
- following the landlord's or exterminator's instructions to empty closets or cupboards, move furniture or otherwise prepare for the extermination so it will be as effective as possible

Need information?

ONLINE
www.residentialtenancies.mb.ca

OFFLINE
In person or by phone

Visit your branch office Monday to Friday
from 8:30 a.m. to 4:30 p.m.

Winnipeg at 302–254 Edmonton Street
or call 945-2476

Brandon at 157–340 9th Street
or call 726-6230

Thompson at 113–59 Elizabeth Drive
or call 667-6496

Toll-free 1-800-782-8403

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